

NEW APPLICATION  
ORIGINAL

ARIZONA CORPORATION COMMISSION



0000088678

Application and Petition for Certificate of Convenience and Necessity to Provide  
Intrastate Telecommunications Services

Mail original plus 13 copies of completed application to:

For Docket Control Only:  
(Please Stamp Here)

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending  
in Arizona as an Interexchange reseller, AOS provider,  
or as the provider of other telecommunication services.

T-20626A-08-0484

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AZ CORP COMM  
DOCKET CONTROL

Type of Service: not applicable

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_

Date Docketed: \_\_\_\_\_

Type of Service: not applicable

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_

Date Docketed: \_\_\_\_\_

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate box(s).

- ☐ Resold Long Distance Telecommunications Services (Answer Sections A, B).  
☐ Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).  
☐ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).  
☐ Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E).  
☐ Alternative Operator Services Telecommunications Services (Answer Sections A, B).  
☒ Other Private Line Data Services (Please attach complete description.)

**Applicant will provide resold and facilities-based, non-switched, dedicated point-to-point data transport telecommunications services.**

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

TeleQuality Communications, Inc.  
16601 Blanco Road  
San Antonio, TX 78232  
Telephone: (210) 481-5499  
Facsimile: (210) 408-1700  
Email: jeff@telequality.com

Arizona Corporation Commission  
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ne

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

**Not applicable**

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

**Jeff Reynolds, President**  
**TeleQuality Communications, Inc.**  
**16601 Blanco Road**  
**San Antonio, TX 78232**  
**Telephone: (210) 481-5499**  
**Facsimile: (210) 408-1700**  
**Email: jeff@telequality.com**

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

**Michael T. Hallam**  
**Lewis & Roca LLP**  
**40 North Central Avenue**  
**Suite 1900**  
**Phoenix, AZ 85004**  
**Telephone: (602) 262-5340**  
**Facsimile: (602) 734-3886**  
**Email: MHallam@LRLaw.com**

**James M. Smith**  
**Davis Wright Tremaine, LLP**  
**1919 Pennsylvania Avenue, NW**  
**Suite 200**  
**Washington, DC 20006**  
**Telephone: (202) 973-4200**  
**Facsimile: (202) 973-4499**  
**Email: JamesSmith@dwt.com**

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Complaint Contact Person:

**Patti Hamill**  
**TeleQuality Communications, Inc.**  
**16601 Blanco Road**  
**San Antonio, TX 78232**  
**Telephone: (210) 481-5499**  
**Facsimile: (210) 408-1700**  
**Email: phamill@ruralhealthtelecom.com**

(A-7) What type of legal entity is the Applicant? Mark the appropriate box(s) and category.

- ☐ Sole proprietorship
- ☐ Partnership: \_\_\_\_\_ Limited, \_\_\_\_\_ General, \_\_\_\_\_ Arizona, \_\_\_\_\_ Foreign
- ☐ Limited Liability Company: \_\_\_\_\_ Arizona, \_\_\_\_\_ Foreign
- ☒ Corporation: ☒ "S", \_\_\_\_\_ "C", \_\_\_\_\_ Non-profit
- ☐ Other, specify: \_\_\_\_\_

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership of each person listed in A-8.2.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).  
(Tariff Page 32)
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).  
(Tariff Page 31)
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).  
(Tariff Pages 7- 28)
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).  
(Tariff Page 10)
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).  
(Tariff Page 12)

(A-10) Indicate the geographic market to be served:

☒

Statewide. (Applicant adopts statewide map of Arizona provided with this application).

☐

Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

**Applicant and its officers, directors, and managers have not been and are currently not involved in any formal or informal complaint proceeding pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.**

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

**Applicant and its officers, directors and managers have not been and are currently not involved in any civil or criminal investigation, nor have they had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or have been convicted of any criminal acts within the last ten years.**

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☐

Yes

☒

No

(A-14) Is Applicant willing to post a Performance Bond? Please check appropriate box(s).

☐

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☐

Yes

☐

No

If "No", continue to question (A-15).

☐

For Local Exchange Resellers, a \$25,000 bond will be recommended.

☐

Yes

☐

No

If "No", continue to question (A-15).

☐

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐

Yes

☐

No

If "No", continue to question (A-15).

☐

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☐

Yes

☐

No

If any box in (A-14) is marked "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

See response to A-15.

(A-15) If any box in (A-14) is marked "No", provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the Applicant's superior financial position limits any risk to Arizona consumers.

**TeleQuality does not require customer deposits. TeleQuality has current annualized revenues of \$1,000,000.00 and no debt. Therefore, TeleQuality is in a superior financial position, limiting risk to Arizona consumers.**

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the Applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.

**Applicant will file the Affidavit of Publication after this application is filed and Applicant is advised of the hearing date and the publication of legal notice.**

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in Arizona:

☒ Yes

☐ No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

**AT&T, Verizon, Qwest, Global Crossing**

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

**TeleQuality is authorized to provide telecommunications services in California, Georgia, Missouri, Nebraska, Oregon and Washington.**

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in Arizona.

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

**TeleQuality is certified to provide telecommunications services in the states listed in response to Question A-18. In the following states, TeleQuality does not provide voice services, but does provide purely private line data and Internet services. In those states for which TeleQuality has not obtained certification, TeleQuality was advised by PUC Staff that providers of Internet/dataline services are not regulated as telecommunications service providers: Alabama, Colorado, Florida, Illinois, Indiana, Iowa, Kentucky, Mississippi, Pennsylvania, Texas, Virginia, Wisconsin and West Virginia.**

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

**None.**

(A-21) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- ☐ Decision # 64178 Resold Long Distance
- ☐ Decision # 64178 Resold LEC
- ☐ Decision # 64178 Facilities Based Long Distance
- ☐ Decision # 64178 Facilities Based LEC

**Applicant hereby petitions the Commission to find that its services are competitive because it is a non-switched, dedicated point-to-point data transport telecommunications service that is offered on a competitive basis by other telecommunications providers in Arizona. See *In re Application of OnFiber Carrier Services, Inc.*, Opinion and Order, Docket No. T-03874A-03-0766 (Ariz. Corp. Comm'n June 25, 2004).**

## B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

☐

Yes

☒

No

If "No," explain why and give the date on which the Applicant began operations. **TeleQuality commenced operations in July 2007 and therefore has less than two years of financial statements.**

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

**Please see Attachment D. Since TeleQuality is a private company that was formed on December 6, 2006, it does not have an audit report.**

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

**Not applicable.**

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
  - **\$182,000.00**
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
  - **\$109,440.00**
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
  - **\$50,000**
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide

the corresponding projected fair value amounts.

- **Not Applicable.**

**C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(C-1) Indicate if the Applicant has a resale agreement in operation,

☐

Yes

☒

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

**D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐

Yes

☒

No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in Arizona.

**Applicant is a newly formed entity and does not currently have customers in Arizona. Applicant cannot meaningfully predict at this time when it will begin to render service in Arizona, but it expects to do so within the first 12 months after receiving its certification.**

**E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59421:

☐

Yes

☒

No

**Not applicable. Applicant will not provide voice services or dial tone local exchange telephone services.**



(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

☐

Yes

☒

No

**Not applicable. Applicant will not provide voice services or dial tone local exchange telecommunications services.**

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☐

Yes

☒

No

**Not applicable. Applicant will not provide voice services or dial tone local exchange telecommunications services.**

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Jeff E. Reynolds  
(Signature of Authorized Representative)

9/12/2008  
(Date)

Jeff Reynolds  
(Print Name of Authorized Representative)

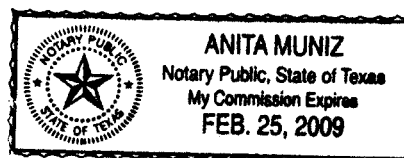
President  
(Title)

SUBSCRIBED AND SWORN to before me this 12 day of September, 2008

Anita Muniz  
NOTARY PUBLIC

My Commission Expires

2-25-09



## ATTACHMENT A

A-8.1: Please find attached a copy of TeleQuality Communications, Inc.'s Certificate of Good Standing as a foreign corporation of the State of Arizona.

A-8.2, A-8.3: Applicant's Officers and Directors and their ownership shares are:

**Directors:**

	Shares owned	Percent Ownership	Address
Tim Koxlien	1,000 Shares	100%	24715 Fairway Springs San Antonio, TX 78260
James Harff	-	0%	1215 N. Nash Street Arlington, VA 22209
Jeffery Reynolds	-	0%	836 Hansen Green San Antonio, TX 78260

**Officers:**

PRESIDENT	<u>Jeffery E. Reynolds</u>	ADDRESS	<u>16601 Blanco Road</u> <u>San Antonio, TX 78232</u>
V. PRESIDENT	<u>Jeffery E. Reynolds</u>	ADDRESS	<u>16601 Blanco Road</u> <u>San Antonio, TX 78232</u>
TREASURER	<u>Jeffery E. Reynolds</u>	ADDRESS	<u>16601 Blanco Road</u> <u>San Antonio, TX 78232</u>
SECRETARY	<u>Jeffery E. Reynolds</u>	ADDRESS	<u>16601 Blanco Road</u> <u>San Antonio, TX 78232</u>

# STATE OF ARIZONA



## Office of the CORPORATION COMMISSION

### CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*TELEQUALITY COMMUNICATIONS, INC.\*\*\***

a foreign corporation organized under the laws of Texas did obtain authority to transact business in the State of Arizona on the 27th day of September 2007.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 31st Day of January, 2008, A.D.

  
Executive Director

By 



## **ATTACHMENT B**

Applicant's Proposed Tariff

LOCAL EXCHANGE AND TOLL TARIFF APPLICABLE TO  
TELECOMMUNICATIONS SERVICE  
WITHIN THE STATE OF ARIZONA

By

TeleQuality Communications, Inc.

16601 Blanco Road

San Antonio, TX 78232

Telephone: 210.481.5499

Facsimile: 210.408.1700

1-866-111-1111

Docket Number: T-

Describing All Services Offered; and All Prices, Charges, Terms and Conditions Pertaining  
Thereto.

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Issued: February 1, 2008

Effective: March 1, 2008

Issued by:

Jeff Reynolds, President  
TeleQuality Communications, Inc.  
16601 Blanco Road  
San Antonio, TX 78232  
(210) 481-5499

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CHECK SHEET

The Sheets 1 through 32 inclusive of this Tariff are effective as of the date shown at the bottom of the respective sheet(s).

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\* denotes pages included in the current filing

Issued: February 1, 2008

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(210) 481-5499

EXPLANATION OF TERMS

- (C) To signify changed condition or regulation
- (D) To signify deleted or discontinued rate, regulation or condition
- (I) To signify a change resulting in an increase to a Customer's bill
- (K) To signify that material has been moved to another Tariff location
- (M) To signify that material has been moved from another Tariff location
- (N) To signify a new rate, regulation, condition, or sheet
- (R) To signify a change resulting in a reduction to a Customer's bill
- (T) To signify a change in text but no change to rates or charge

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### TARIFF FORMAT

- A. Sheet Numbering – Sheet numbers appear in the heading of each sheet. Sheets are numbered sequentially. However, occasionally, when a new sheet is added between sheets already in effect, a decimal point is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th revised Sheet 14 cancels the 3rd Revised Sheet 14. Because of various suspension periods, deferrals, etc. the Commission follows in its Tariff approval process, the most current sheet number on file with the Commission is not always the sheet in effect. Consult the Check Sheet for the sheet currently in effect.
- C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of code is subservient to its next higher level:
  - 2.0
  - 2.1.
  - 2.1.1.
  - 2.1.1.A.
  - 2.1.1.A.i.
  - 2.1.1.A.i.a.
- D. Check Sheets - When a Tariff filing is made with the Commission, an updated Check Sheet accompanies the Tariff filing. The Check Sheet lists the sheets contained in the Tariff with a cross-reference to the current revision number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc., remains the same, just revised revision levels on some sheets). The Tariff user should refer to the latest Check Sheet to find if a particular sheet is the most current on file with the Commission

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Issued: February 1, 2008

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1.0 DEFINITIONS

Advance Payment: Part or all of a payment for basic Service required before the start of Service.

Claims: Any and all claims or demands made against Company or Customer by the other or by any other person or entity, including, but not limited to claims or demands:

For losses, damages, expenditures, loss of use, loss of profits, liability, judgments or costs (including attorney's fees, if awarded),

For any personal injury, death or damage to tangible or intangible property or rights, Arising directly or indirectly out of any acts, omissions, mistakes of Company, its employees, agents officers or directors, or caused by any interruptions, delays, errors or defects, or the condition, operation or failure of equipment, used to provide Service or Company Facilities hereunder,

Regardless of whether the claim or demand is asserted in an arbitration, suit, action, administrative proceeding or any other dispute resolution proceeding, or on any appeal there from.

Commission: The Arizona Corporation Commission.

Company: TeleQuality Communications, Inc.

Company Facilities: All cable and equipment owned or controlled by Company and utilized by Company to provide Service.

Conversion Date: The date the Company commences supplying telecommunication services to the Customer

Customer: The person, firm, corporation or other entity which orders or uses Service and is responsible for payment of charges and compliance with the terms and conditions of this Tariff.

Premises: The space occupied by a Customer in a building or buildings and the land upon which such building(s) sit.

Service: Any service offered by Company as set out in this Tariff.

State: The state of Arizona.

---

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Jeff Reynolds, President  
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16601 Blanco Road  
San Antonio, TX 78232  
(210) 481-5499

2.0 RULES AND REGULATIONS

2.1 Undertaking of the Company

- A. Company undertakes to furnish telecommunications Service under this Tariff in connection with the transmission of one-way and/or two-way communications which originate and/or terminate within the State.
- B. Company's service offerings consist of any of the Services offered pursuant to this Tariff, either individually or in combination. Each Service is offered independent of the others, unless otherwise noted. Service is offered via Company Facilities, via resold services, or via facilities provided by other communications providers or any combination thereof.
- C. Company is responsible only for the Services and Company Facilities it provides under this Tariff, and it assumes no responsibility for any service provided by any other entity that provides access to Company Services or Facilities in order to originate and/or terminate its own services
- D. Company may undertake to use reasonable efforts to make available Services to a Customer on or before a particular date, subject to the provisions of, and compliance by, the Customer with the provisions of this Tariff. Company does not guarantee availability by any such date and shall not be liable for any delays in commencing Service to any Customer.
- E. Company will not unjustly discriminate among and between consumers in the provision of local exchange telecommunications services within its operating area.

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2.0 RULES AND REGULATIONS (continued)

2.2 Limitations of Service

- A. Service is offered subject to the availability of necessary facilities and subject to the provisions of this Tariff
- B. Company reserves the right at its sole discretion to discontinue Service, or to limit the use of Service when necessitated by conditions beyond its control, when the Customer is using the Service in violation of the law or the provisions of this Tariff, or for nonpayment by the Customer.
- C. All Company Facilities provided under this Tariff are directly controlled by Company and the Customer may not assign or transfer the use of the Services or Company Facilities to another, except with the prior consent of Company.
- D. Company Service may not be used for any unlawful purpose.
- E. Company reserves the right to block traffic to or from certain countries, NPAs, cities or NXX exchanges.
- F. Company Services may be restricted from originating calls to other telephone companies' caller-paid information services (e.g., 900, 976). Calls to those numbers and other numbers may be blocked by Company at Company's sole discretion without prior notice.

2.3 Application for and Establishment of Service and Credit

- A. Application for Service may be made verbally or in writing. The following Customer information will be required at the time of application:
  - i. The name of the party responsible for payment for the Service provided;
  - ii. The billing address and the Service address(es) of the Customer and Customer's location(s);
  - iii. Information and authorization for the Company to properly determine creditworthiness.

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2.0 RULES AND REGULATIONS (continued)

2.3 Application for and Establishment of Service and Credit (continued)

- B. The Customer shall notify TeleQuality of a pending transfer of Service to a new party that will become responsible for payment of the Service provided. The new Customer will be required to complete a transfer of Service application. However, failure of the new Customer to comply with this requirement shall not prevent liability for charges, including termination charges, if the new Customer has accepted use of the Service and/or made payments. The original Customer shall also remain liable for all charges, including early termination charges, if the Service is transferred without notice to, and approval by, the Company. In no event shall TeleQuality collect more than total charges owed.
- C. Company may conduct a credit investigation of each new Customer prior to accepting a written application or oral request for Service. Company reserves the right to reject a written application or oral request for Service if its investigation reveals that the applicant is a poor credit risk.
- D. A Customer whose Service from Company was discontinued for nonpayment of bills will not be entitled to restoration of Service or new Service until all past due amounts have been paid, or satisfactory payment arrangements have been agreed upon and made in a timely manner.

2.3.1 Deposits

- A. The Company does not require customers to pay deposits.

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2.0 RULES AND REGULATIONS (continued)

2.3 Application for and Establishment of Service and Credit (continued)

2.4 Credit Limit

Company may, at any time and at its sole discretion, set a credit limit for any Customer's consumption of Services for any period.

2.5 Notice

Notice shall be deemed properly given:

- A. upon delivery, if delivered in person;
- B. on the third day after depositing the notice or communication, prepaid and properly addressed, with a private delivery service or in the U.S. mail, unless deposited in the U.S. mail on a Sunday or holiday in which case notice is deemed to be given on the third day from the next business day;  
or
- C. upon actual receipt or when refused by the addressee, whichever of the above occurs first.

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2.0 RULES AND REGULATIONS (continued)

2.6 Payment and Service Cancellation

2.6.1 Billing and Payment of Charges

- A. Unless otherwise indicated in this Tariff, Service is billed on a monthly basis. The Customer is responsible for the payment of all charges for Service furnished by the Company. Customer shall pay the amounts as specified in the Tariff for the Services. Toll charges and one-time charges are billed in arrears, and fixed monthly and recurring charges are billed one month in advance.
- B. Unless otherwise indicated in this Tariff, bills are due and payable seventeen (17) days from the date of mailing by Company, or later if required by law. Balances that remain unpaid after the due date will be charged a late fee of one and one-half (1.5) percent per month of the unpaid balance, or the maximum fee allowed by law, whichever is less.
- C. A charge in an amount to be determined by Company (which shall be equal to or less than the maximum lawful rate) will apply whenever a check or draft presented for payment of Services is not accepted by the institution on which it is written.
- D. Customer is responsible for reviewing each invoice promptly, and notifying Company promptly of any discrepancies. If Company receives no notice within ninety (90) days after a bill has been rendered to the Customer, the billing will be considered correct and binding. Bills disputed by a Customer shall be handled as set out in Section 2.11.
- E. Company is responsible for rendering each invoice promptly, and notifying Customer promptly of any discrepancies. If Customer receives no notice within ninety (90) days after a bill has been rendered by the Company, the billing will be considered correct and binding.
- F. Initial billing for set-up and installation charges or monthly Service fees will not commence for any new Customer until the Customer has actually been placed in service.

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2.0 RULES AND REGULATIONS (continued)

2.6 Payment and Service Cancellation (continued)

2.6.1 Billing and Payment of Charges (continued)

- G. If the Customer disconnects Services without providing proper notice to the Company, or is disconnected for violation of the terms and conditions of this tariff (e.g., disconnection for non-payment), the Customer shall be responsible for all charges for the remainder of the bill cycle in which the disconnection occurs.
- H. The Company will print and mail monthly, summary bills, which will include total amounts due, broken out by local service, long distance and data service charges, and a tax summary. Service (type) level, and call detail will be available via the Internet to all Customers. The Company will provide printed detailed bills only at the request of the Customer.

2.6.2 Taxes

- A. The Customer is responsible for payment of all federal, state and local taxes, franchise, excise and other fees applicable to the Services, including, but not limited to: sales, use, excise, franchise, subscriber line, low income, universal service, access, 911 service, relay service, and handicapped service.

2.6.3 Cancellation of Service by Customer

- A. The Customer may cancel Service prior to commencement by giving notice to Company up to the day prior to the day Service is scheduled to commence.
- B. The Customer may cancel Service at any time after Service commences by giving Company five (5) days' prior notice. A Reconnection Fee will apply if the Customer requests that Service be temporarily discontinued.
- C. If Customer fails to notify Company and fails to cancel Service on the day prior to the day Service is scheduled to commence, Customer may be responsible for paying the appropriate installation charge, basic local Service charges and all applicable taxes and fees.

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2.0 RULES AND REGULATIONS (continued)

2.6 Payment and Service Cancellation (continued)

2.6.4 Cancellation or Discontinuance of Service by Company

A. Discontinuance Without Notice

Company reserves the right to immediately and without notice discontinue furnishing Service to Customers without incurring liability in any of the following circumstances:

- i. In the event of a condition determined to be hazardous to the Customer, to other Customers of Company, to Company Facilities, the public, or to employees of Company; or
- ii. When necessary for Company to comply with any order or request of any governmental authority having jurisdiction; or
- iii. If Company deems such refusal necessary to protect itself or third parties against fraud or to otherwise protect its personnel, agents, Facilities or Services; or
- iv. For unlawful use of the Service or use of the Service for unlawful purposes; or
- v. If the Customer provides false information to Company regarding the Customer's identity, address, credit-worthiness, past, current or planned use of Company's Services; or
- vi. Upon proper verification of the Customer having vacated or abandoned the Premises; or
- vii. Any other reason for which discontinuation of Service without notice is justified under existing Commission rules and regulations.

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2.0 RULES AND REGULATIONS (continued)

2.6 Payment and Service Cancellation (continued)

2.6.4 Cancellation or Discontinuance of Service by Company (continued)

B. Discontinuance With Notice

Company may discontinue Service for the following reasons upon five (5) days' written notice (or the longer period of time that is required by law, if any):

- i. For violation of Company's filed Tariffs; or
- ii. For the non-payment of any proper charge when due; or
- iii. Failure to meet or maintain Company's credit requirements; or
- iv. For Customer's breach of the contract for Service between Company and Customer; or
- v. Unauthorized resale of equipment or Service; or
- vi. Any other reason for which discontinuation of Service with notice is justified under existing Commission rules and regulations.

C. If all or any significant portion of Company Facilities or associated equipment used to provide Service to Customer shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain, Company shall be entitled to elect to terminate Service upon written notice to Customer and without incurring any liability therefore.

D. Upon the Customer filing for bankruptcy or reorganization or failing to discharge an involuntary petition therefore within the time permitted by law, Company may immediately discontinue or suspend service under this tariff without incurring any liability.

2.6.5 Reconnection Fee

Reconnection Fee will apply whenever a Customer requests to be reconnected to the Services after Company has temporarily or permanently suspended or discontinued Services to Customer for any reason allowed by this Tariff.

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## 2.0 RULES AND REGULATIONS (continued)

2.7 Liability

- A. In no event shall Company or the Customer, including any subscribers to or users of any Services provided to or resold by the Customer, be liable to each other in connection with the provision and use of Company Services for indirect, incidental, consequential, reliance or special damages, including without limitation damages for lost profits, regardless of the form of action whether in contract, indemnity warranty, strict liability or tort, including without limitation negligence of any kind whether active or passive.
- B. Except as provided otherwise in this Tariff, the Company shall not be liable to the Customer, including any subscribers to or users of any Services provided to or resold by the Customer, or any other person, firm or entity for any failure or performance hereunder unless such failure is due to the gross negligence or willful act of Company. In no event shall Company be liable to the Customer, including any subscribers to or users of any Services provided to or resold by the Customer, or any other person, firm or entity for any failure or performance hereunder if such failure is due to any cause or causes beyond the reasonable control of the Company. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any civil or military authority, national emergencies, insurrections, riots, wars, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages breaches or delays, or preemption of existing services to restore service in compliance with the Commission's rules and regulations.
- C. With respect to any claim or suit, the Company's liability, if any, shall not exceed an amount equal to the charge applicable under this Tariff to the period during which services were affected. For those services with monthly recurring charges, the Company's liability is limited to an amount equal to the proportionate monthly recurring charges for the period during which service was affected.
- D. The Company is not liable for any act or omission of any other Company or Companies furnishing a portion of the service, facilities or equipment associated with such service.

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2.0 RULES AND REGULATIONS (continued)2.7 Liability (continued)

- E. The Customer is responsible for taking all necessary legal steps for interconnecting the customer-provided terminal equipment with the Company facilities. The Customer is responsible for securing all licenses, permits, rights of way, and other arrangements necessary for such interconnection.
- F. All or a portion of the service may be provided over facilities of third parties, and the Company shall not be liable to the Customer or any other person, firm or entity in any respect whatsoever arising out of defects caused by such third parties.
- G. The Company shall not be liable for any direct, indirect, consequential, special, actual, or punitive damages, or for any lost profits of any kind or nature whatsoever arising out of any defects or any other cause. This warranty and these remedies are exclusive and in lieu of all other warranties or remedies, whether express, implied or statutory, including without limitation implied warranties of merchantability and fitness for a particular purpose.
- H. With respect to the routing of calls by the Company to public safety answering points or municipal Emergency Service providers, the Company's liability, if any, will be limited to the lesser of: (a) the actual monetary damages incurred and proved by the Customer as the direct results of the Company's action, or failure to act, in routing the Call, or (b) the sum of \$50.00.
- I. In the event parties other than the Customer (e.g., Customer's customers) shall have use of the service directly or indirectly through the Customer, then the Customer agrees to forever indemnify and hold the Company harmless from and against any and all claims, demands, suits, actions, losses, damages, assessments or payments which may be asserted by said parties arising out of or relating to any defects.
- J. Company is not liable for damages caused by service, channels, or equipment which it does not furnish.

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2.0 RULES AND REGULATIONS (continued)2.7 Liability (continued)

- K. Company is not liability for damages to a premises resulting from the furnishing of Services, including the installation and removal of equipment and associated wiring, unless the damage is caused by Company's gross negligence or willful misconduct. Except that upon termination or expiration of Services, and upon request by the Customer, Company will remove, at its own expense, any property which Company has installed in the provision of Service on the Customer's premises within a reasonable time. Company will use reasonable care in removing such property and will return the Customer's premises to their original condition, wear and tear expected.
- L. Subject to the provision of A. through K. preceding, Company and the Customer shall indemnify each other against all liability, loss, damage, and expense resulting from injury to or death of any person (including injury to or death of their employees) or loss of or damage to tangible real or tangible personal property (including damage to their property) or the environment, to the extent that such liability, loss, damage or expense was proximately caused by any negligent act or omission on the part of the party from whom indemnity is sought, its agents, employees, subcontractors or assignees, in connection with its use of service.
- M. Company's failure to provide or maintain service to the Customer, including any subscribers to or users of any Services provided to or resold by the Customer, and the Customer's obligations under this Tariff shall be excused by labor difficulties, governmental orders, civil commotion, preemption of existing services to restore service in compliance with part 64, Subpart D, of the FCC's Rules and Regulation, acts of God, Commission rules, and other circumstances beyond Company's or the Customer's reasonable control, subject to the credit allowances for interruptions provisions of this Tariff. Company and the Customer may also agree on other measures to mitigate the consequences of circumstances beyond the Customer or Company's control. If required, such agreements will be filed in this Tariff.

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2.0 RULES AND REGULATIONS (continued)

2.7 Liability (continued)

2.7.1 Company Liability With Respect to Caller ID Blocking

The Company shall have no liability for monetary damages (including without limitation claims for direct, indirect, special, incidental or consequential damages, whether or not the Company has been advised of the possibility of such damages), arising from any failures, errors, malfunctions or omission of Caller ID Blocking, whether or not arising from or relating to any ordinary negligence by the Company.

2.8 Full Force and Effect

Should any provision or portion of this Tariff be held by a court or administrative agency of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions of this Tariff will remain in full force and effect.

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2.0 RULES AND REGULATIONS (continued)

2.9 Interruptions in Service

- A. Interruptions in Service will be credited to Customer for the part of the Service that the interruption affects, provided that no credit is allowed for the following:
- i. Any continuous period of less than four (4) hours, provided that two (2) or more Service interruptions of the same type to the same line/equipment of four (4) hours or more during any one twenty-four (24) hour period shall be considered as one (1) interruption;
  - ii. Interruptions caused by Customer;
  - iii. Interruptions due to failure of power, equipment or facilities provided by the Customer or persons or entities other than Company;
  - iv. Any period in which Company is not given access to the Service Premises;
  - v. Any period of scheduled maintenance and repair, tests, adjustments and inspections as may be necessary to maintain Company's equipment and Facilities in satisfactory operating condition;
  - vi. Interruptions due to the non-compliance by the Customer with the provisions of this Tariff or the tariff of other common carrier providing Service connected to the Service of Company; and
  - vii. Interruptions caused by any failure of performance or equipment due to causes beyond Company's control, including but not limited to: acts of God, fire, flood or other catastrophes; any law, order, regulation, direction, action or request of any governmental entity claiming jurisdiction over Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of the federal, state or local governments, or any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages or other labor difficulties.
- B. Every month shall be considered to have thirty (30) days for the purposes of computing a credit for a Service interruption to which the Customer is entitled under this Tariff.

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2.0 RULES AND REGULATIONS (continued)

## 2.9 Interruptions in Service (continued)

- C. A Customer is entitled to an interruption in Service credit upon request for any period during which any line subscribed to by the Customer hereunder and/or, if applicable, Company-provided station equipment attached thereto is out of Service, except as specified in this section. Out of Service conditions are defined as complete loss of call origination and/or receipt capability. Credit allowances, if any, shall be deducted from the charges payable by the Customer hereunder and shall be expressly indicated on the next bill to the Customer. An interruption period begins when the Customer reports a malfunction in Service to Company. The malfunction period ends when the affected line and/or equipment is fully operative. In the event of a major service disruption, the Company shall make every effort to credit all affected customers.

- D. The customer shall be credited for an interruption at the rate of 1/30<sup>th</sup> of the monthly charge for the Services affected for each day or part of a day computed as follows:

Credit formula:

$$\text{Credit} = \frac{A \times B}{30}$$

"A" = Outage time in days (any part of a day equals one day)

"B" = Total Monthly charges for affected Service

- E. In the event of prior knowledge of an interruption of Service for a period exceeding one (1) day, Company will, if feasible, notify the Customer at least one (1) week in advance.

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2.0 RULES AND REGULATIONS (continued)2.10 Emergency Restoration of Service

The use and restoration of Service in emergencies shall be in accordance with Part 64, Subpart D of the Federal Communications Commission's rules and regulations and the regulations of the Commission, which specify the priority system for such activities.

2.11 Disputed Bills

- A. The Customer shall promptly notify Company of any disputed items on a bill. If no notice is received within ninety (90) days of receipt of the bill, the bill shall be considered correct and binding
- B. The date of the dispute shall be the date Company receives sufficient documentation to enable it to investigate the dispute.
- C. The date of the resolution is the date Company completes its investigation and attempts to notify the Customer of the disposition of the dispute.
- D. Company will promptly investigate any complaint or dispute received by a Customer and will report the result of that investigation to the Customer. When circumstances indicate the need for corrective action, Company will take such action as soon as possible.
- E. Company shall ensure that personnel engaged in initial contact with a dissatisfied or complaining Customer shall inform the Customer that if dissatisfied with the decision or the explanation provided, the Customer may have the problem considered and acted upon by supervisory personnel.
- F. Company shall ensure that supervisory personnel contacted by a dissatisfied Customer shall inform a still-dissatisfied Customer of the option to bring the matter before Commission for further review of any complaint or dispute

Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007-2996  
Phoenix: (602) 542-4251  
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2.0 RULES AND REGULATIONS (continued)2.12 Temporary Service

Conditions precedent to rendering temporary Service, special arrangements, unique relationships or Service to speculative projects will be developed on an Individual Case Basis. Company will not provide temporary Service or Service to speculative projects unless in its judgment such Service provision is consistent with the best interests of Company and its Customers

2.13 Service Connection and Facilities2.13.1 Provision of Equipment and Facilities

- A. Title to all Company Facilities provided in accordance with this Tariff remains in Company, its agents or contractors. The Customer shall not have, nor shall it assert any right, title or interest in any Company Facilities and associated equipment provided by Company hereunder.
- B. Company undertakes to use reasonable efforts to maintain only Company Facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair or otherwise tamper with any Company Facilities or equipment installed by Company, except upon the written consent of Company or as allowed by law.
- C. Any Equipment Company provides or installs at the Customer's Premises for use in connection with the Company's Services shall not be used for any purpose other than that for which Company provided the equipment.
- D. Company shall not be responsible for the installation, operation, repair or maintenance of any Customer-provided communications equipment. Customer may connect such equipment to Company Facilities or equipment furnished pursuant to this Tariff as provided in this Tariff, as allowed by law, or with Company's consent. Unless otherwise specified in this Tariff, Company will not be responsible for the maintenance, repair and operation of such Customer-provided equipment, and Company will not be responsible for:
  - i. The transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission; or
  - ii. The reception of signals by Customer-provided equipment.

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2.0 RULES AND REGULATIONS (continued)2.13 Service Connection and Facilities (continued)2.13.1 Provision of Equipment and Facilities (continued)

- E. The Customer is responsible for ensuring that Customer-provided equipment and facilities connected to Company equipment and Facilities are compatible with such Company equipment and Facilities. The magnitude and character of the voltages and currents impressed on Company-provided Facilities and equipment by the connection, operation or maintenance of such equipment and facilities shall be such as not to cause damage to the Company-provided equipment and Facilities or injury to the Company's employees or to other persons. Customer will submit to Company, upon request, a complete manufacturer's specification sheet for each item of equipment that is not provided by Company and which shall be attached to Company's equipment or Facilities. Company shall approve the use of such item(s) of equipment unless such item is technically incompatible with Company's equipment or Facilities. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.
- F. Any special interface equipment necessary to achieve compatibility between Company Facilities and equipment used for furnishing Service and the channels, facilities or equipment of others shall be provided at the Customer's expense.

2.13.2 Customer Premises

Customer shall provide, without cost to Company, all equipment, space, conduit and electric power required to terminate the Services at the Customer's Premises. The Customer shall arrange for the Company, or other carriers as required, to have access to the Customer's Premises at all reasonable times for purposes of Service installation, termination, inspection and repair. Customer shall be solely responsible for any damage to, or loss of, Company Facilities or equipment, including inside wire, while on the Premises of Customer, unless such damage is caused by the negligence or willful misconduct of the Company, its employees, subcontractors or agents.

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2.0 RULES AND REGULATIONS (continued)

2.13 Service Connection and Facilities (continued)

2.13.3 Shortage of Equipment or Facilities

- A. Company's acceptance of orders for Service is subject to the availability of adequate Company Facilities and equipment to provide the Service as ordered. Company reserves the right to reject an order or cancel an accepted order for Service without liability if there are inadequate Company Facilities or equipment available to provide the Service.
- B. Company reserves the right to limit or to allocate the use of existing Company Facilities, or of additional facilities offered by Company, when necessary, because of a lack of Company Facilities, or due to any other cause beyond Company's control
- C. The furnishing of Service under this Tariff is subject to the availability on a continuing basis of all the necessary Company Facilities and is limited to the capacity of Company Facilities, as well as facilities Company may obtain from other carriers to furnish Service.

2.13.4 Interconnection

- A. Service furnished by Company may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by Company. Any special interface equipment or facilities necessary to achieve compatibility between the Company Facilities and other carriers shall be provided at the Customer's expense. However, Service furnished by Company is not part of a joint undertaking with any other provider.
- B. Interconnection with the facilities or services of other carriers shall be subject to the applicable terms and conditions of the other carriers' tariffs, if any. The Customer shall be solely responsible for satisfying all legal requirements for interconnecting Customer-provided terminal equipment or communications systems with the other companies' facilities, including, without limitation, all licenses, permits, right-of-way and other arrangements necessary for such interconnection.

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2.0 RULES AND REGULATIONS (continued)2.13 Service Connection and Facilities (continued)2.13.5 Prohibited Uses

- A. The Services Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all governmental approvals, authorizations, licenses, consents and permits required to be obtained by the Customer with respect thereto.
- B. Company may, without obtaining any further consent from the Customer, assign any rights, privileges or obligations under this Tariff. The Customer shall not, without prior written consent of Company, which consent shall not be unreasonably withheld, assign, transfer or in any other manner dispose of, any of its rights, privileges or obligations under this Tariff, and any attempt to make such an assignment, transfer, disposition without consent shall be null and void.
- C. Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others.
- D. A Customer may not use the Services so as to interfere with or impair Service over any Company Facilities and associated equipment, or so as to impair the privacy of any communications over such Company Facilities and associated equipment.
- E. Customer use of any resold Service obtained from other communications providers shall also be subject to any applicable restrictions in the underlying providers' publicly available tariffs or price lists.

2.13.6 Non-Standard Situations

At the Customer's request and the acceptance by Company, installation and/or maintenance may be performed outside Company's regular business hours, on an expedited basis, in hazardous locations, or in other non-standard situations. In such cases, charges will be arranged on an individual case basis ("ICB"). If installation is started during regular business hours but, at the Customer's request and Company's acceptance, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays and/or night hours, additional charges may apply.

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Issued: February 1, 2008

Effective: March 1, 2008

Issued by:

Jeff Reynolds, President  
TeleQuality Communications, Inc.  
16601 Blanco Road  
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(210) 481-5499

## 2.0 RULES AND REGULATIONS (continued)

### 2.14 Services Provided by Other Communications Providers

Company shall have no responsibility with respect to billings, charges or disputes related to services used by Customers which are not included in the Services herein. Customers receiving services from other communications providers shall be fully responsible for the payment of any bills for such services and for the resolution of any disputes or discrepancies relating to such services with the other provider.

### 2.15 Governmental Authorizations

The provision of Company's Services is subject to, and contingent upon, Company obtaining and retaining such approvals, consents, governmental authorizations, licenses and permits, as may be required or be deemed necessary by the Company. Company shall use reasonable efforts to obtain and keep in effect all such approvals, consents, authorizations, licenses and permits that may be required to be obtained by it. Company shall be entitled to take, and shall have no liability whatsoever for, any action necessary to bring the Services into conformance with any rules, regulations, orders, decisions or directives imposed by the Federal Communications Commission or other applicable agency, and the Customer shall fully cooperate in and take such action as may be requested by Company to comply with any such rules, regulations, orders, decisions or directives. Company's obligation to provide Service hereunder will terminate if any required governmental authorization or grant is withdrawn, revoked or otherwise terminated.

### 2.16 Promotions

Company may, from time to time, engage in special promotions of new or existing Service offerings of limited duration designed to attract new Customers or to increase existing Customer awareness of a particular offering. The promotional offerings are subject to the availability of the Services and may be limited to a specific geographical area, to a subset of a specific market group or to customers who sign up for such Service on or after a particular date. Prior approval for promotional offerings will be obtained from the appropriate regulatory authority when required.

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**2.0 RULES AND REGULATIONS (continued)****2.17 Effective Date**

The terms and conditions of this Tariff will apply to Customers whose service commences on or after the Effective date of this Tariff. Customers whose Service commenced before the Effective date of this Tariff may choose to receive Service under the Rates and Charges in this Tariff upon request through Company's customer care representatives. All other terms and conditions of this Tariff will apply to all Customers for all Service provided by Company on and after the Effective date of this Tariff, regardless of when Service commenced.

**2.18 Term and Termination**

- A. The term commences on the Conversion Date.
- B. If the Customer terminates Service, or if the Company terminates Service for cause under this tariff, prior to the Customer's fulfillment of the term commitment, Customer shall pay termination charges equal to the amount of the monthly term discount times the number of months served under the contract (or fraction thereof) plus any termination charges paid to Customer's previous carrier by TeleQuality. The amount of the monthly term discount is defined as the difference between billed charges the customer would have paid in the absence of a term commitment (e.g., month-to-month service) less billed charges the customer actually paid under the term commitment. Such termination charges are in addition to any due but unpaid recurring and all unpaid nonrecurring charges, including any installation charges waived by TeleQuality. If termination is prior to installation of Service, termination charges shall be those reasonable costs incurred by TeleQuality through the date of termination

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3.0 TeleQuality Local Service Offerings

Reserved for Future Use

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Effective: March 1, 2008

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4.0 TeleQuality Long Distance Services

Reserved for Future Use

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Effective: March 1, 2008

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5.0 TeleQuality Private Line Data Services5.1 Freedonia T-1

Dedicated service between certain locations including Freedonia and Page

MAXIMUM MRC:	MAXIMUM NRC
\$2,800.00	\$1,800.00

5.2 Quartzsite T-1

Dedicated service between certain locations including Quartzsite and Parker

MAXIMUM MRC:	MAXIMUM NRC
\$4,800.00	\$1,800.00

5.3 Internet Port and Internet T-1 - Parker

Internet Port Service and Internet T-1 Service to Parker

	MAXIMUM MRC:	MAXIMUM NRC
Internet Port	\$500.00	\$1,000.00
Internet T-1	\$2,300.00	\$1,800.00

5.4 Salome T-1

Dedicated service between certain locations including Salome and Parker

MAXIMUM MRC:	MAXIMUM NRC
\$4,800.00	\$1,800.00

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Effective: March 1, 2008

## 6.0 TeleQuality Price List

6.1 TeleQuality Price List – Local Service Offerings6.2 TeleQuality Price List – Long Distance Services6.3 TeleQuality Price List – Private Line Data Services6.3.1 Freedonia T-1

Dedicated service between certain locations including Freedonia and Page

**CURRENT MRC:****CURRENT NRC**

\$1,750.00

\$1,800.00

6.3.2 Quartzsite T-1

Dedicated service between certain locations including Quartzsite and Parker

**CURRENT MRC:****CURRENT NRC**

\$2,200.00

\$1,000.00

6.3.3 Internet Port and Internet T-1 - Parker

Internet Port Service and Internet T-1 Service to Parker

**CURRENT MRC:****CURRENT NRC**

Internet Port \$250.00

\$500.00

Internet T-1 \$1,150.00

\$1,000.00

6.3.4 Salome T-1

Dedicated service between certain locations including Salome and Parker

**CURRENT MRC:****CURRENT NRC**

\$2,200.00

\$1,000.00

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Effective: March 1, 2008

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San Antonio, TX 78232  
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## **ATTACHMENT D**

### **Financial Information**

Please find attached hereto:

- A copy of the Applicant's year-to-date balance sheet including retained earnings balance.
- A copy of the Applicant's year-to-date income statement.
- A copy of the Applicant's year-to-date statement of cash flows.

11:23 AM  
07/03/08  
Accrual Basis

TeleQuality Communications, Inc.  
**Balance Sheet**  
As of June 30, 2008

	<u>Jun 30, 08</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Broadway Bank	151,551.63
Chase	71,402.99
Chase - OLD	15,142.00
Total Checking/Savings	238,096.62
Accounts Receivable	
Accounts Receivable	61,066.51
Total Accounts Receivable	61,066.51
Other Current Assets	
AR KCI	1,023.14
Undeposited Funds	-1,446.26
Total Other Current Assets	-423.12
Total Current Assets	298,740.01
<b>Fixed Assets</b>	
Furniture and Equipment	23,000.00
Total Fixed Assets	23,000.00
<b>TOTAL ASSETS</b>	<u><b>321,740.01</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	26,785.45
Total Accounts Payable	26,785.45
Credit Cards	
American Express	1,195.35
Total Credit Cards	1,195.35
Other Current Liabilities	
Sales Tax Payable	45,260.60
Total Other Current Liabilities	45,260.60
Total Current Liabilities	73,241.40
<b>Long Term Liabilities</b>	
Chase Truck Loan	16,348.64
Total Long Term Liabilities	16,348.64
Total Liabilities	89,590.04
<b>Equity</b>	
Retained Earnings	203,208.34
Net Income	28,941.63
Total Equity	232,149.97
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>321,740.01</b></u>

11:24 AM  
07/03/08  
Accrual Basis

TeleQuality Communications, Inc.  
**Profit & Loss**  
January through June 2008

	Jan - Jun 08
Ordinary Income/Expense	
Income	
Consulting Income	10,045.32
Installation Charges	12,899.37
Network Services	
Internet Port	12,872.21
Private Line T1	705,820.76
Network Services - Other	120,286.60
Total Network Services	838,979.57
Uncategorized Income	225.00
Total Income	862,149.26
Cost of Goods Sold	
Subcontracted Services	1,418.38
Telecom Network Services	540,487.57
Total COGS	541,905.95
Gross Profit	320,243.31
Expense	
Advertising and Promotion	112.45
Bank Service Charges	28,488.32
Business Licenses and Permits	1,425.31
Charitable Contributions	75.00
Dues and Subscriptions	799.70
Insurance Expense	4,217.81
Interest Expense	3,390.72
Koxlien Communications, Inc.	214,500.00
Meals and Entertainment	3,497.24
Miscellaneous Expense	2,905.82
Office Supplies	2,152.13
Postage and Delivery	683.92
Professional Fees	15,780.30
Reconciliation Discrepancies	-16.19
Rent Expense	3,944.00
Tax Income	873.00
Telephone Expense	7,688.10
Travel Expense	12,206.63
Total Expense	302,724.26
Net Ordinary Income	17,519.05
Other Income/Expense	
Other Income	
Finance Charge Income	11,422.58
Total Other Income	11,422.58
Net Other Income	11,422.58
Net Income	28,941.63



2:23 PM

06/02/08

**TeleQuality Communications, Inc.**  
**Statement of Cash Flows**  
January 1 through June 2, 2008

	<u>Jan 1 - Jun 2, 08</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	353,892.56
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	166,187.21
Accounts Payable	-10,486.43
American Express	712.00
Sales Tax Payable	36,176.63
Net cash provided by Operating Activities	<u>546,481.97</u>
<b>FINANCING ACTIVITIES</b>	
Chase Truck Loan	-1,150.90
Net cash provided by Financing Activities	<u>-1,150.90</u>
Net cash increase for period	545,331.07
Cash at beginning of period	<u>22,713.12</u>
Cash at end of period	<u><u>568,044.19</u></u>